CURRENT & EMERGING TECHNOLOGIES

CONFERENCE

Concurrent Session **12:40 - 1:55pm**

Ideation To Realization

Dana Minorics, LSSBB, PMP
Senior Director, CFO Transformation

Dana is an accomplished leader with more than 20 years of experience helping organizations achieve their strategic plan; through disciplined business planning, project execution, and business process optimization. Dana has led project organizations faced with large-scale transformation: from developing a new business model in the face of NC Medicaid Transformation, to leading change to value-based payment in a large health care system, to mergers and acquisitions, to her current role driving alignment to new business models in tech at Red Hat.

Dana received her Bachelor's Degree in Computer Science from The College of New Jersey and a Master's Degree in Information Systems from Stevens Institute of Technology. She is a certified Lean Six Sigma Black Belt, Project Management Professional, and Agile Scrum Master.

Heidi Huenemann, LSSGB
Senior Manager, Process Architecture

Heidi is a proven leader with more than 20 years of progressive experience both in managing and optimizing company financial performance (Corporate FP&A), and in driving operational excellence and organizational change. Adept at bridging the gap between technical and functional, Heidi has built the foundation for process excellence at Red Hat. From developing scalable standards and frameworks, to designing inclusive business process architecture models, to building cross-functional process excellence communities, Heidi's current role shapes Red Hat's process excellence perspective, drives seamless value streams, and creates a future-ready organization through new core capabilities like process mining.

Heidi received her Bachelor's Degree in Finance & Banking from the University of Missouri – Columbia. She is a certified Lean Six Sigma Green Belt.

Ideation To Realization

NCACPA Current & Emerging Technologies Conference

December 2022

Agenda

Please use the **Chat function** to ask and upvote questions!

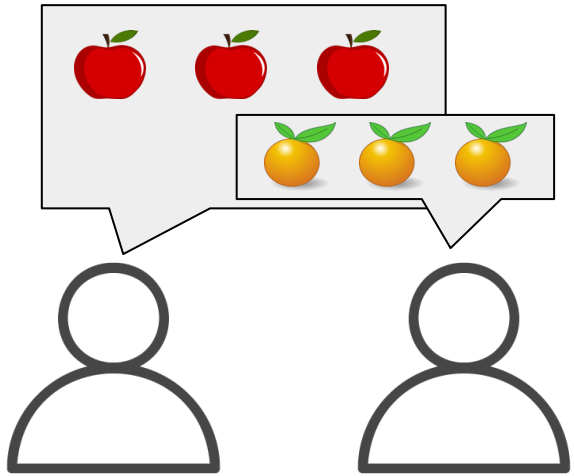
- Learning Objectives
- Using Common Language for Change
- Ideation to Realization Basic Concepts
- Trivia / Knowledge Check
- Best Practices & Next Steps

Today's Learning Objectives

1. Understand the role that **common language** plays in building the case for transformation, using a real-world example

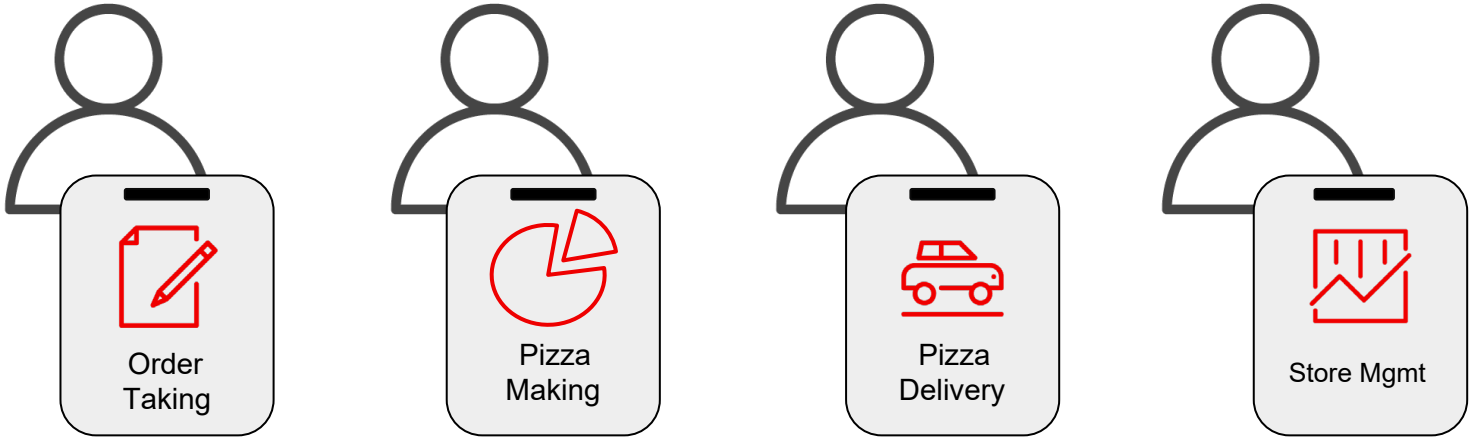
2. Learn the end-to-end flow from **Ideation to Realization**

3. Gain knowledge to **increase the probability of success** in adopting change



Storytime: Your Pizza Empire

As a business owner, it's important to understand the **what** , **how** , and **why** of your company.



Storytime: Your Pizza Empire

WHAT WE DO

Order Management

Pizza Assembly

Pizza Delivery

Store Management

HOW WE DO IT

Order Management	Pizza Assembly	Pizza Delivery	Store Management
Receive Request for Products	Develop and Place Pizza Supplies Orders	Package Pizzas for Delivery	Service Products After Sale
Enter Orders in System	Receive Pizza Supplies	Manage Delivery Resources	Develop New Product Ideas
Administer Billing & Payment	Receive Customer Orders	Deliver Pizzas	Manage Health & Safety
Address Sales Order Inquiries	Validate Customer Orders	Maintain Car Fleet	Pay Associates
	Fulfill Customer Orders		Pay Taxes
			Prepare Financial Statements
			Report & Evaluate Customer Sat
			Report & Evaluate Revenue and GPM%

It's also critical to understand your organization's measures of success .

Pizza Empire Scorecard: YTD Q3 CY22

Order Taking

Objective: Get Orders Right

	Q1	Q2	Q3
Order Accuracy	●	●	●

Pizza Making

Objective: Assemble Orders Quickly

	Q1	Q2	Q3
Cycle Time	●	●	●

Pizza Delivery

Objective: Effective Delivery

	Q1	Q2	Q3
On-Time Delivery %	●	●	●

Store Management

Objective: Make Money & Keep Customers Happy

	Q1	Q2	Q3
Customer Sat	●	●	●
Revenue	●	●	●
GPM%	●	●	●

Knowledge Check

Please provide answers via **chat** !

What “common language” is used to manage Pizza Empire? (3 answers)

Knowledge Check

Please provide answers via **chat** !

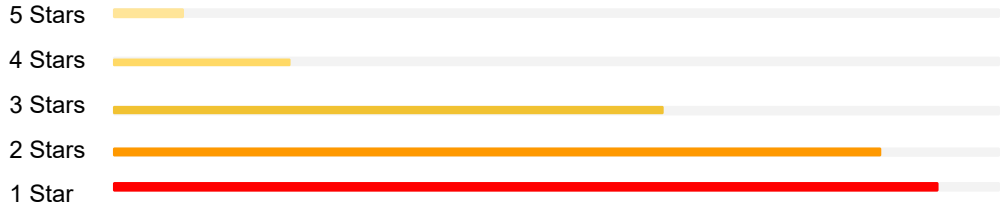
What "common language" is used to manage Pizza Empire? (3 answers)

- **What** we do
- **How** we do it
- **Why** we do it / measures of success

Root Cause Analysis

Overall Rating

127 reviews



Dina L.
Raleigh, NC

8/15/22

Un-ordered **pineapple on my pizza**? Whyyyyyyy?

Thankfully, they refunded me my money.
But I'm never coming back!

Fatima C.
Holly Springs, NC

9/7/22

Why on earth would anyone want **pineapple on pizza**? I didn't order this!

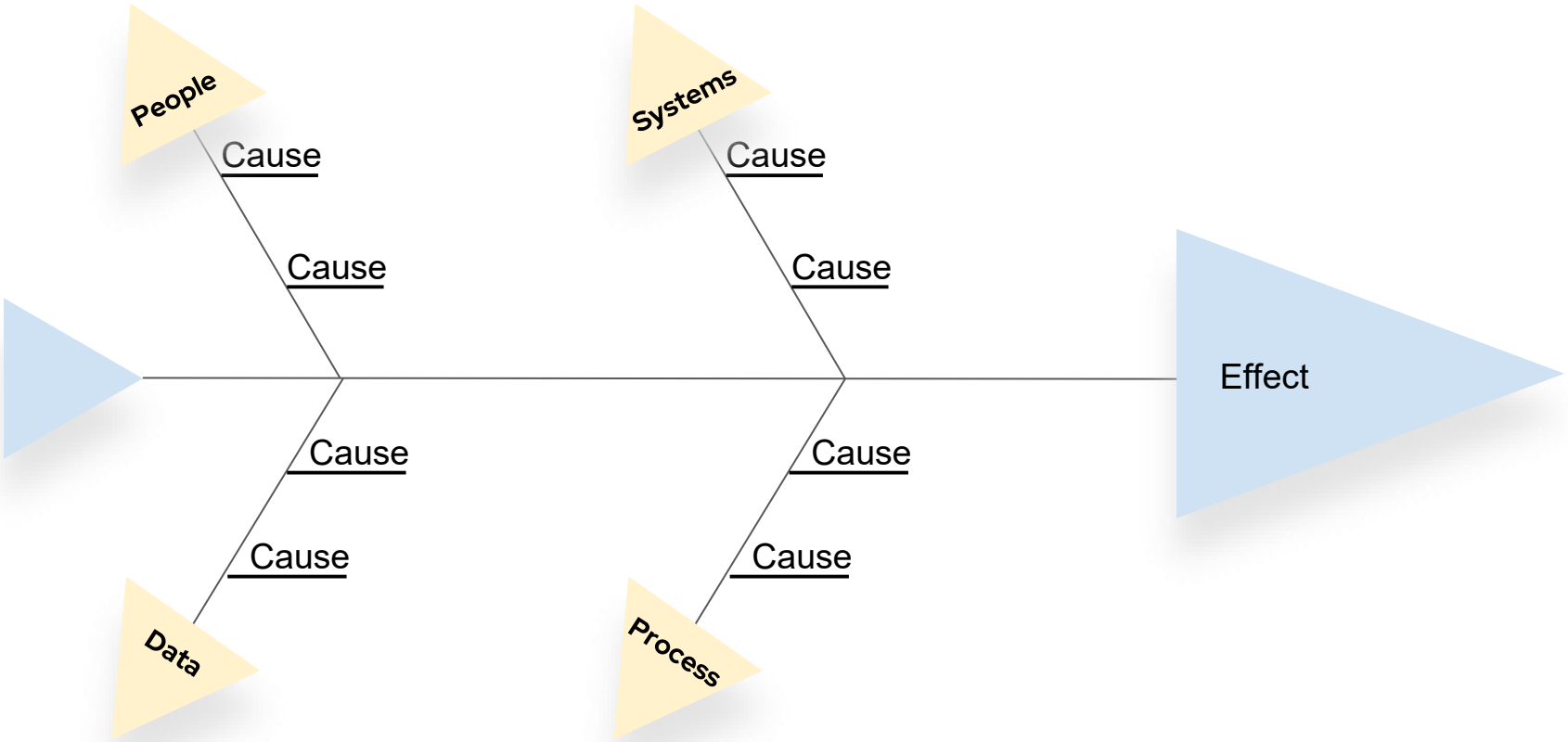
Do better, Pizza Empire.

Miguel S.
Apex, NC

9/28/22

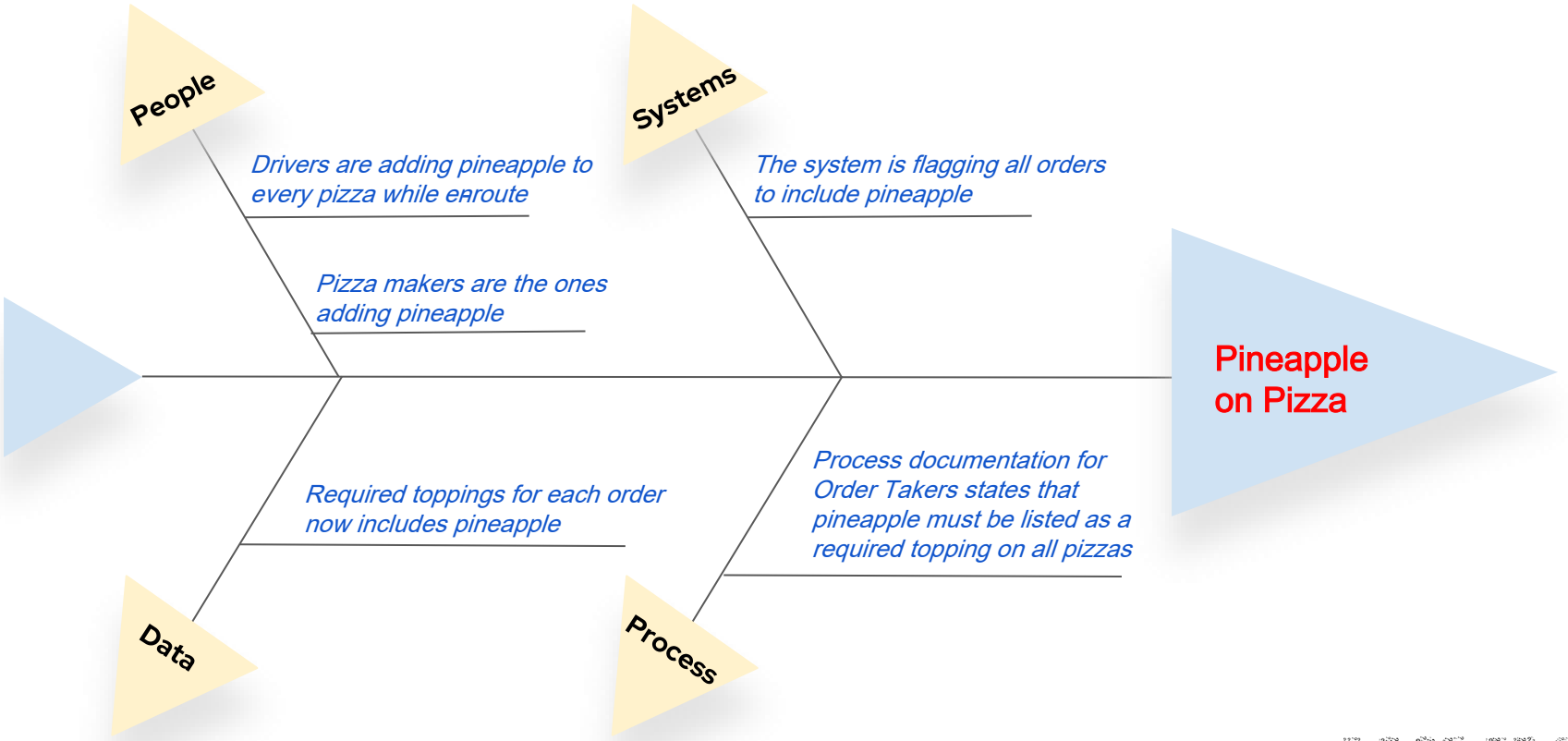
Free **pineapple on pizza**? How did you know that's what I actually wanted? AMAZING. #thatpineapplelyfe

Root Cause Analysis



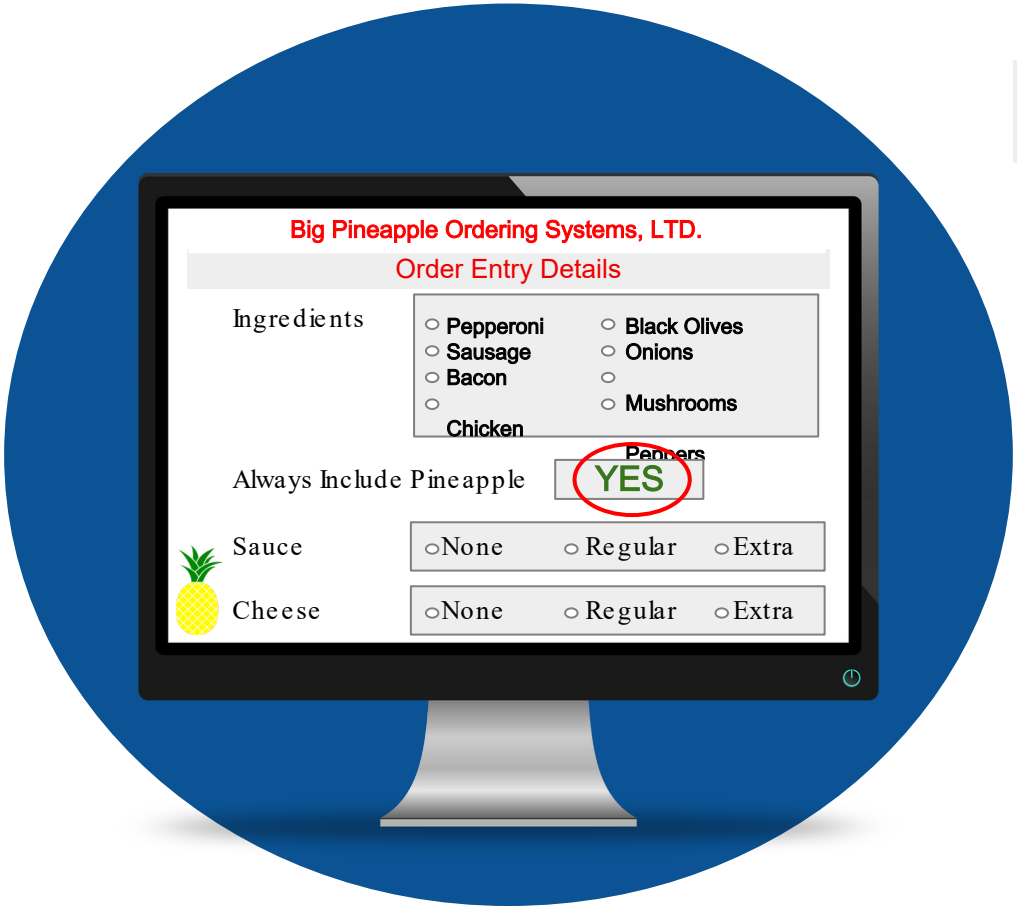
Adapted from: Ishikawa, Kaoru.Fishbone Diagram

Root Cause Analysis: Hypothesize Factors Contributing to Pineapple on Pizza



Adapted from: Ishikawa, Kaoru.Fishbone Diagram

Determining Root Cause: A New Order Entry System

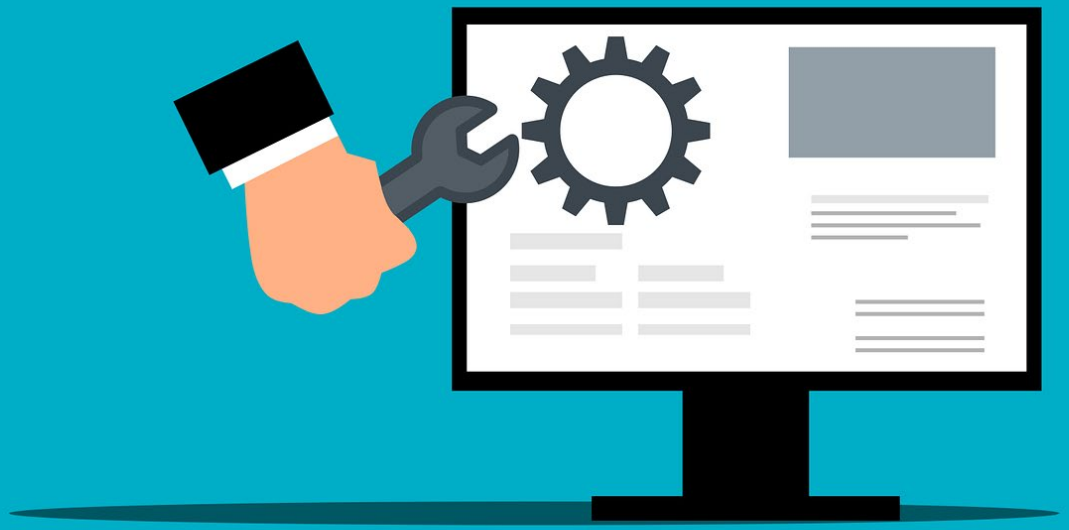


The system was built this way!

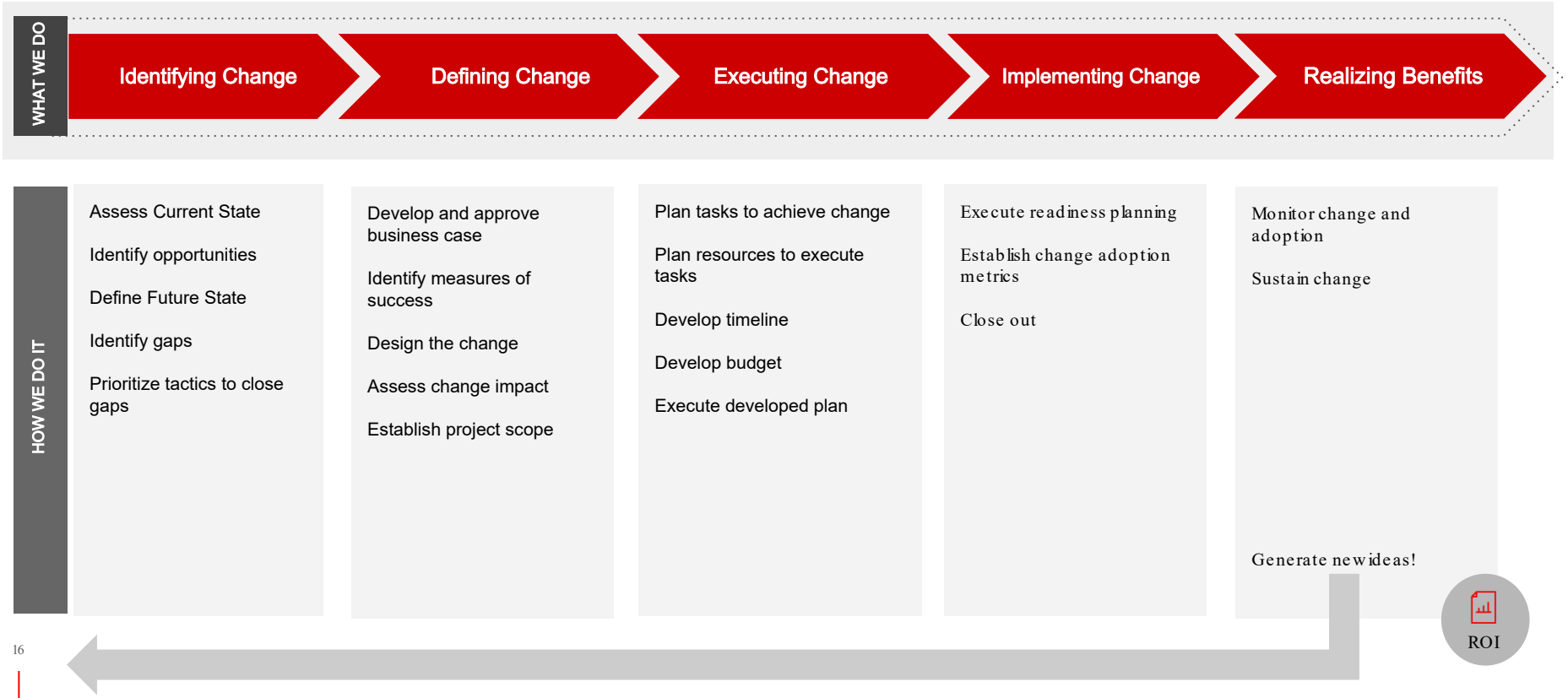
Now What? Building the Case for Change

Let's initiate a project to improve our outcomes.

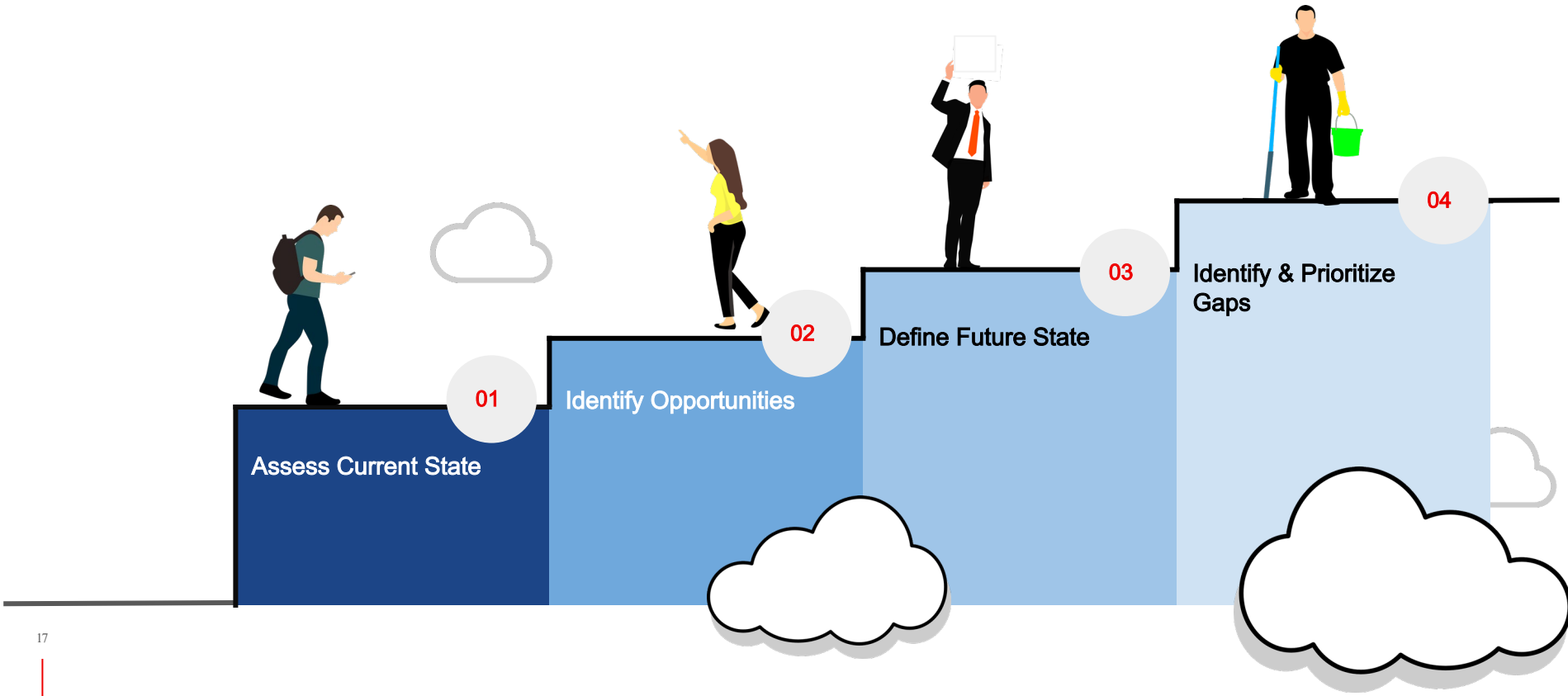
…But How?



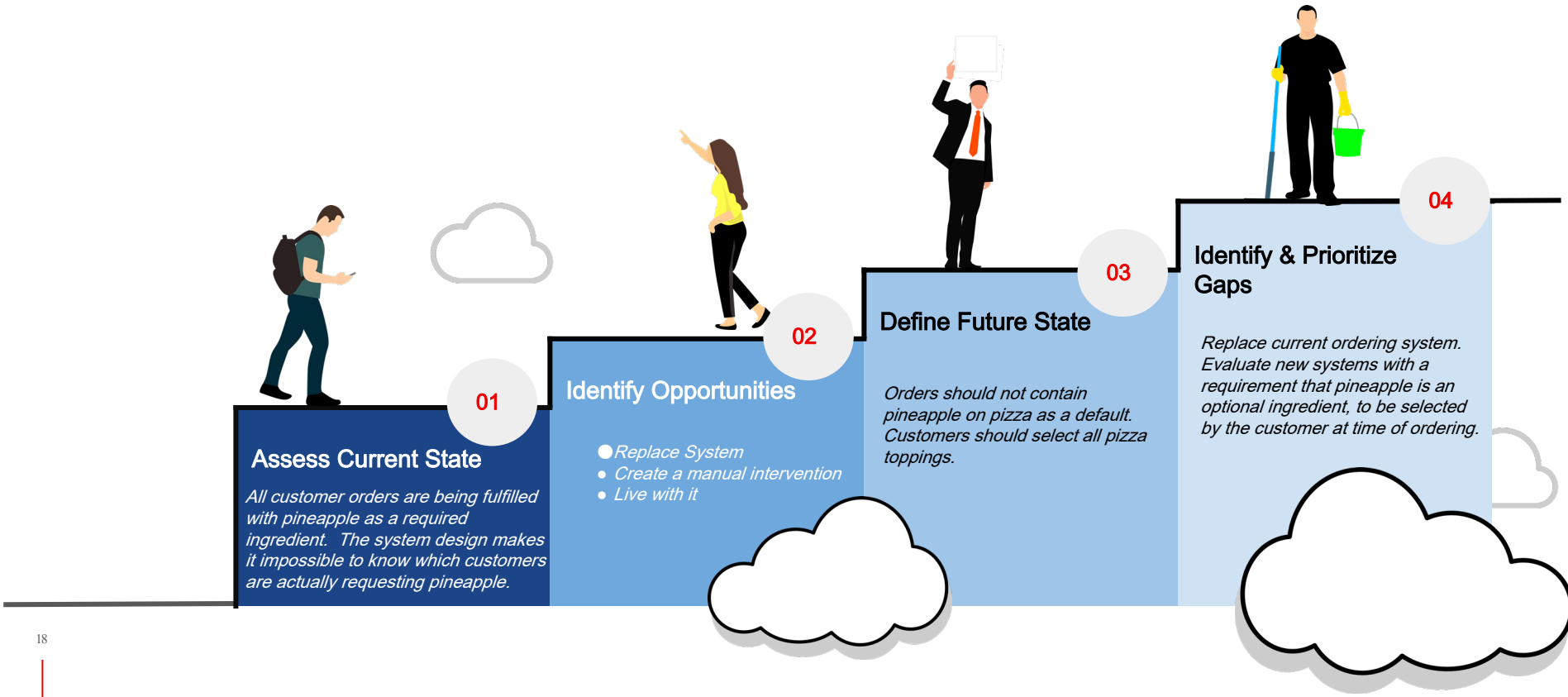
Ideation to Realization: Moving ideas into the realization of business benefit



Step 1: Identifying Change



Identifying Change: Pizza Empire



Step 2: Defining Change

Step 5
Establish project scope

Step 4
Assess change impact

Step 3
Design the change

Step 2
Identify measures of success

Step 1
Develop and approve business case

Creating a Business Case: What's Important

Prepare an Executive Summary
to provide background

Explain the benefits

Identify a Project Sponsor

Lay out the Solution, Approach, Risks, and Assumptions

Estimate Timeline, Cost, ROI

A3 Template

Project Name	Project Sponsor	Core Team Members	Target Start Date	Estimated Completion Date

Business Challenge *(Problem Description)*	Current-State Assessment	Improvement Goal(s)
What is the business reason that makes this issue an important one?	*What is the symptom or pain point that the business feels, that requires action?*	*What is the change we need to make now, and how will we measure success? What are the expected benefits?*

Root Cause Analysis	Proposed Countermeasures *(Improvements)*	Implementation Plan
Why are we experiencing the pain point?	*What does the future-state look like, and how do we get there? Show that the improvements will address the root cause.*	*Actions or outcomes, with a timeline and owners.*

Monitoring Plan
How will you check results to confirm the root cause has been addressed? What follow-up actions will need to be taken, and by whom?

Pizza Empire: Order System Transformation A3

CONFIDENTIAL

Project Name	Project Sponsor	Core Team Members	Target Start Date	Estimated Completion Date
Order System Replacement	You	Diallo F, Mark S, Trina W, Jiang Y	15-JAN-2023	30-OCT-2023

Business Challenge
(Problem Description)

What is the business reason that makes this issue an important one?

Happy customers are repeat customers. Pizza Empire relies on customer satisfaction to sustain revenue growth and gross profit margin expansion. A recent drop in customer satisfaction, revenue, and GPM% is driven by orders being fulfilled incorrectly.

Current-State Assessment

What is the symptom or pain point that the business feels, that requires action?

Currently, all customer orders are being fulfilled with pineapple as a required ingredient. The system has been designed to make it impossible to know which customers are actually requesting pineapple.

Improvement Goal(s)

What is the change we need to make now, and how will we measure success? What are the expected benefits?

This transformation project will replace our current ordering system. New systems will be evaluated with a requirement that pineapple is an optional ingredient, to be selected by the customer at time of ordering.

Root Cause Analysis

Why are we experiencing the pain point?

The default settings on our current ordering system are set to “always use pineapple.” Big Pineapple, the current software vendor, has provided no way to turn off this default setting. Without transformation, all orders input through this system will continue to include pineapple, regardless of whether the customer requested it or not.

Proposed Countermeasures
(Improvements)

What does the future-state look like, and how do we get there? Show that the improvements will address the root cause.

Replacing our current ordering system with one not managed by Big Pineapple ensures that customer pizza requirements will not be systematically altered.

Implementation Plan

Actions or outcomes, with a timeline and owners.

Plan & Kickoff Project	30-JAN
High-Level Requirements	28-FEB
Vendor Evaluation & Selection	15-MAR
RFP & Contracts	15-APR
Detailed Requirements & Design	01-MAY
Testing & Acceptance	01-JUN
Change & Enablement	15-JUN
Go-Live	**-JULY**
Transition to Business/Monitoring	30-OCT

Monitoring Plan

How will you check results to confirm the root cause has been addressed? What followup actions will need to be taken, and by whom?

Weekly monitoring of Customer Satisfaction, Revenue and GPM% to ensure improvement in success measures.
Diallo will also capture and share lessons learned & formulate best practices.

Calculating Return on Investment

Estimate Timeline, Cost, ROI

$$= \frac{\text{Current Value of Investment} - \text{Cost of Investment}}{\text{Cost of Investment}}$$

Negative ROI indicates a financial loss
Positive ROI indicates a financial gain

Definitions	
Return on Investment	Measured as a percentage, this business metric communicates the financial return expected based on the investment. A **negative ROI** indicates a financial loss; a**positive ROI** indicates a financial gain.
Current Value of Investment	Expected financial gain from executing the change. *For example: increased revenue, acquisition of new customers*
Cost of Investment	Captures all costs to plan and implement the project. *For example: internal staff, vendor costs, software licensing, cost of production downtime (if applicable)*

Pizza Empire's Transformation ROI

Estimate Timeline, Cost, ROI

APPROVED

ROI Calculation: Pizza Empire Order System Transformation

Current Value of Investment	Pizzas	Days	Price	Total
Restore current customers/revenue	*50*	*313*	*$20*	$313,000
Acquire new customers based on reputation (5% growth)	*$2*	*313*	*$20*	$12,520
Total Current Value of Investment				**$325,520**

Cost of Investment	Total
Internal Staff - 1 FTE for 10 months	$75,000
New Software vendor cost + Implementation Partner fees	$200,000
Training Shut-down: Pay 10 Employees to come in on day closed	$1,200
Total Cost of Investment	**$276,200**

ROI $	**$49,320**
ROI %	**17.9%**

Knowledge Check

Please provide answers via **chat** !

How is Return on Investment Calculated?

Knowledge Check

Please provide answers via **chat** !

How is Return on Investment Calculated?

$$\frac{\text{Current Value of Investment} - \text{Cost of Investment}}{\text{Cost of Investment}}$$

Knowledge Check

Please provide answers via **chat** !

Fill in the blank: A negative ROI indicates a financial _____

Knowledge Check

Please provide answers via **chat** !

Fill in the blank: A negative ROI indicates a financial _____

Loss

Step 3: Executing Change: Best Practices

Acquire buy-in for project resourcing, timelines, cost

Assume resistance to change; provide support and eliminate obstacles

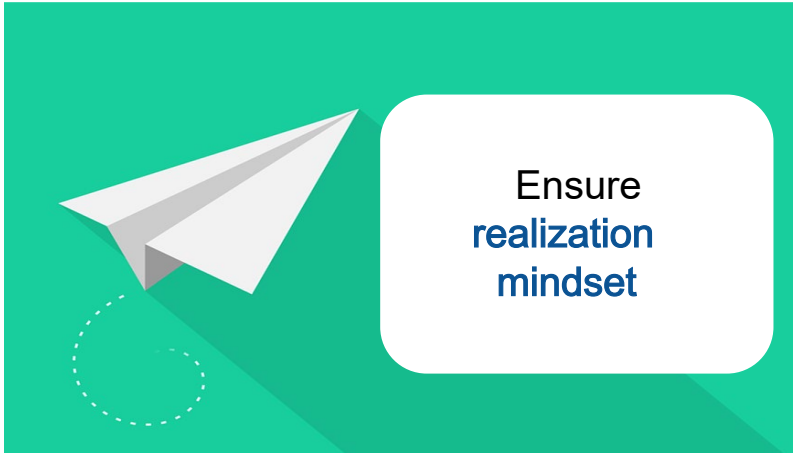
Communicate the vision along with the change

Get people excited about the change; reward adopters

Plan and manage tasks with a project schedule

Pizza Empire**Celebrates Their Wins!**

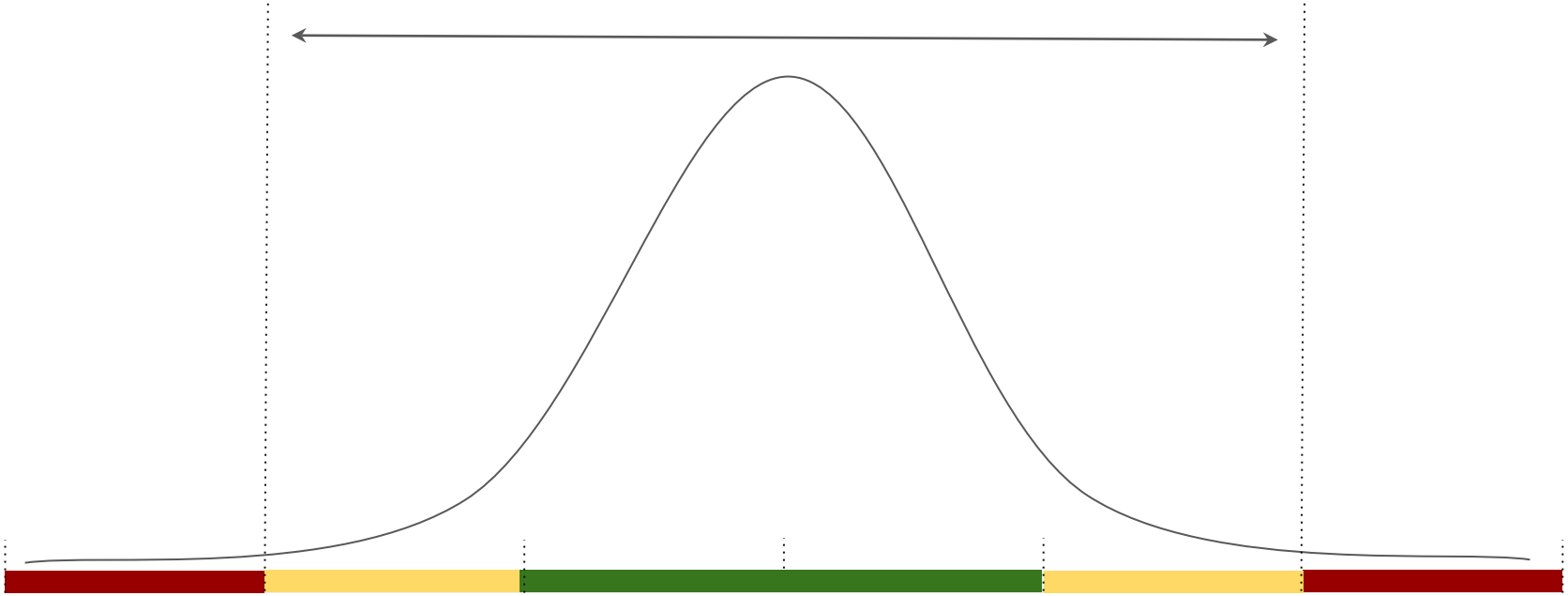
Step 4: Implementing Change: Best Practices



Step 5: Realizing Benefits & Monitoring

Change doesn't end at Go -Live.

We need to monitor our success measures and ensure benefits are realized.



Monitoring to ensure benefits realization

Pizza Empire Scorecard: YTD Q3 CY23

Order Taking

Objective: Get Orders Right

	Q1	Q2	Q3
Order Accuracy	🔴	🔴	🟢

Pizza Making

Objective: Assemble Orders Quickly

	Q1	Q2	Q3
Cycle Time	🟢	🟢	🟢

Pizza Delivery

Objective: Effective Delivery

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On-Time Delivery %	🟢	🟢	🟢

Store Management

Objective: Make Money & Keep Customers Happy

	Q1	Q2	Q3
Customer Sat	🔴	🔴	🟢
Revenue	🔴	🔴	🟢
GPM%	🟢	🟢	🟢

Knowledge Check

Please provide answers via **chat** !

What are the 5 steps taken from Ideation to Realization?

Knowledge Check

Please provide answers via **chat** !

What are the 5 steps taken from Ideation to Realization?

- Identify Change
- Define Change
- Execute Change
- Implement Change
- Realize Benefits

Knowledge Check

Please provide answers via **chat** !

Does Pineapple Go On Pizza?

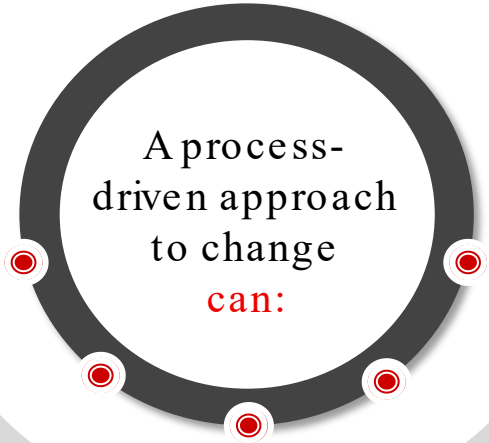
Knowledge Check

Please provide answers via **chat** !

Does Pineapple Go On Pizza?

Only if the customer wants it to!

The Case for Change



Establish **clear priorities** and **shared, long-term vision**

Direct investments needed to scale and optimize operations

Solve problems with a connected, **global perspective**

Remove barriers to agility by **encouraging cross-functional collaboration**

Improve **customer and associate experience**

Transformation Best Practices

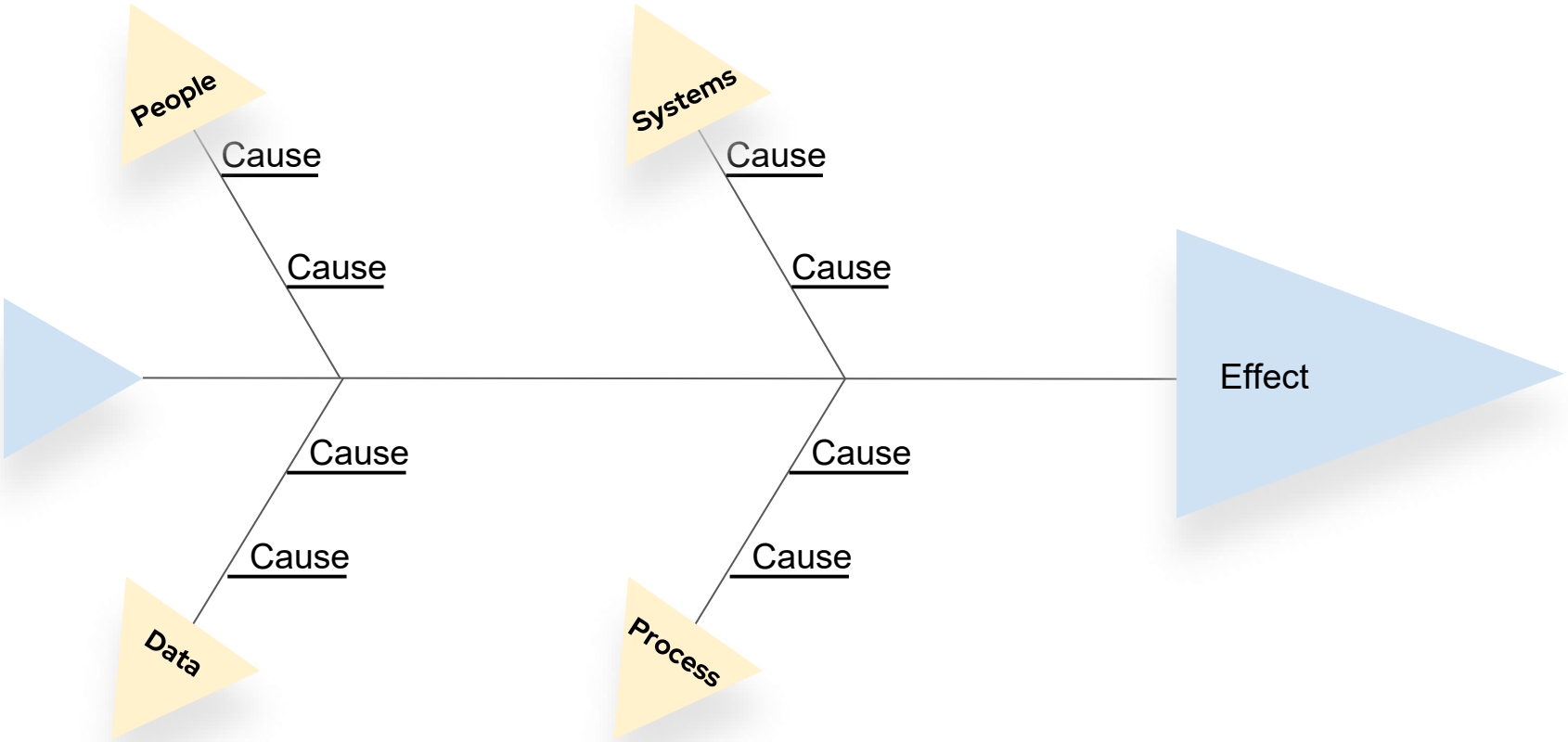
What increases the probability of transformation success?

- Foster an environment that encourages everyone - regardless of role or position - to **propose innovative ideas**
- Establish a **common language** for driving and managing change
- Utilize a **business case** and **evaluate ROI** to vet transformation efforts
- Ensure solutions will **address the root cause** of the business problem

Q&A

Toolkit

Root Cause Analysis Template



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